

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

e-filed 5/14/09

NOT FOR CITATION

UNITED STATES DISTRICT COURT

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

HTC CORPORATION, HTC AMERICA INC.,

No. C08-00882 JF (HRL)
Related case Nos. 08-00877-JF, 08-00884-JF

Plaintiffs,

v.

**ORDER GRANTING IN PART
PLAINTIFFS' MOTION TO ALLOW
DISCLOSURE OF DEFENDANTS'
LOCAL PATENT RULE 3-1 CHARTS**

TECHNOLOGY PROPERTIES, PATRIOT
SCIENTIFIC CORPORATION, ALLIACENSE
LIMITED,

Defendants.

INTRODUCTION

Plaintiffs HTC Corporation ("HTC") and HTC America Inc. sell products that contain microprocessors manufactured and supplied by others. Defendants Alliacense Limited, Technology Properties Limited, and Patriot Scientific Corporation claim co-ownership of certain patents known as Moore's Microprocessor Patent Portfolio ("MMP"). Defendants assert that the third party supplied microprocessors in plaintiffs' products infringe the MMP. Plaintiffs filed this declaratory judgment action, seeking to establish that they do not. Defendants submitted voluminous documentation in purported compliance with their Local Patent Rule 3-1 obligations to disclose preliminary infringement contentions ("PICs"). The entirety of the disclosure was designated "confidential"¹, which prevents plaintiffs from discussing the PICs

¹ Because no Protective Order has been entered in this case, the designation was made pursuant to Patent Local Rule 2-2, which provides that "[t]he Protective Order authorized by the Northern District of California shall govern discovery unless the Court

1 with any of the manufacturers or vendors of the accused microprocessors. Plaintiffs now bring
2 this motion for an order permitting them to disclose defendants' PICs without restriction.

3 The matter has been fully briefed. The court held a hearing on April 14, 2009. Upon
4 consideration of the papers filed by the parties, and the arguments of counsel, this court
5 GRANTS IN PART plaintiffs' motion.

6 DISCUSSION

7 Plaintiffs claim that because they do not manufacture the allegedly infringing
8 microprocessors, they must be allowed to discuss defendants' 3-1 charts with the persons and
9 companies that do. This, they say, is the only way that they can gain enough knowledge or
10 understanding of how the microprocessors at issue work. Although defendants have permitted
11 plaintiffs to disclose the 3-1 charts to plaintiffs' own employees, in-house counsel, and experts,
12 defendants have refused to allow plaintiffs to provide the charts to the third party manufacturers
13 and vendors.

14 Plaintiffs say the charts "contain a listing of elements from the asserted [patent] claims"
15 in one column, and an "excerpt from a third party document" in the other column. According to
16 plaintiffs, the excerpts came from publicly available information about plaintiffs' allegedly
17 infringing products, taken from plaintiffs' websites, and "the websites of third party component
18 suppliers."

19 Defendants claim that this compilation is greater than the sum of its parts, and that while
20 most of the information is publicly available, there is analysis in the PICs that qualifies as
21 confidential proprietary business information. As Rumpelstiltskin spun straw into gold, so have
22 defendants attempted to spin these publicly available documents into confidential information.
23 While defendants acknowledge that the PICs do not contain trade secrets, they claim that the
24 notes, comments and conclusions they added to the publicly available documents make them
25 worthy of protection.

26 Neither party provided the court with the complete information it would need to
27 determine whether defendants 3-1 charts are properly designated "confidential" under the

28 enters a different Protective Order."

1 Model Order's standards². Plaintiffs submitted "examples" of the charts at issue, and pointed
2 out where the documents in this sample can be found on the internet.

3 The court views defendants' "confidential" designation with a great deal of skepticism.
4 To the court's untrained eye, the "analysis" contained in the PICs look like nothing more than
5 conclusions of the simplest kind, as obvious as "this diagram shows a microprocessor." Neither
6 party provided the court with the information it would need to determine whether defendants
7 PICs are properly designated "confidential" under the Model Order's standards³. Defendants
8 have not, by example, shown the court anything that looks remotely confidential or worthy of
9 any protection⁴. At the hearing, counsel for defendants alluded to some "reverse engineering"
10 reports, but did not provide examples. For the time being, defendants' designation stands. To
11 the extent plaintiffs' motion seeks to show the PICs to anyone, without restriction, it must be
12 DENIED.

13 However, plaintiffs should be allowed to show the PICs to any third party manufacturer
14 or vendor to whom disclosure is reasonably necessary for this litigation. The court will give
15 plaintiffs part of the immediate relief they request by requiring the parties to enter into a
16 stipulated protective order similar to the order the parties will enter in the related case of *Acer v.*
17 *Technology Properties Limited* (C08-00877-JF), Docket No. 130. Similarly to the protective
18 order in *Acer*, the court will require the parties in this case to add another category of persons
19 that may access confidential information to the protective order. The required category of
20 people is: manufacturers, vendors, or suppliers of the component parts identified in defendants'

²² Plaintiffs provided the court with Exhibits G-I (sealed), as an example of the 3-1 charts.

³ Plaintiffs provided the court with Exhibit B (sealed), an “illustrative excerpt” of defendants’ PICs. Naturally, defendants claim that this sample contains the fewest comments, conclusions and notations, and are not representative of the breadth of the analysis reflected in the PICs as a whole. Notably, however, defendants failed to submit a counterexample to the court that would better illustrate the amount of confidential material found in the PICs.

⁴ Publicly available information is not properly considered “confidential” within the meaning of the Federal Rules. And, defendants’ claim that the PICs are “confidential” does ring a bit hollow in light of the public availability of similar PICs filed by these very defendants in other lawsuits. See Lam Declaration in Support of Plaintiffs’ Reply (C08-00882, Docket No. 103) at Exhibit A-D.

United States District Court

For the Northern District of California

1 PICs. This special category of persons shall be permitted to view a special category of
2 "confidential" documents, namely: defendants' PICs. The parties shall draft a modified
3 Agreement to Be Bound by the Protective Order, similar to the Model Order's Exhibit A. The
4 Agreement should distinguish between the publicly available information in the PICs (including
5 third parties' own information and data), and the allegedly confidential "analysis" added to the
6 documents by defendants, or any reverse engineering reports. The court emphasizes that the
7 only portions of the PICs that should be treated as "confidential" are what defendants crafted
8 themselves (i.e. any reverse-engineering reports, etc.) as well as whatever works, notes,
9 markings, highlighting, conclusions or observations they added to the documents. To this
10 extent, plaintiffs' motion is GRANTED.

11 The parties are ORDERED to file a Proposed Stipulated Protective Order consistent
12 with this ruling by June 15, 2009.

13

14 **IT IS SO ORDERED**

15

16 Dated: 5/14/09



17
18 HOWARD R. LLOYD
UNITED STATES MAGISTRATE JUDGE

19
20
21
22
23
24
25
26
27
28

United States District Court

For the Northern District of California

1 **Notice has been electronically mailed via ECF:**

2 Sushila Chanana schanana@thelen.com

3 Kyle Dakai Chen kchen@whitecase.com, dleverton@whitecase.com

4 William Sloan Coats , III wcoats@whitecase.com, eupton@whitecase.com,
5 gohlsson@whitecase.com, mkenny@whitecase.com, mlambert@whitecase.com

6 Ronald Frank Lopez rflopez@thelen.com, schanana@thelen.com, tdelillo@thelen.com

7 Samuel Citron O'Rourke sorourke@whitecase.com, pneely@whitecase.com

8 Christopher Lee Ogden cogden@thelen.com, mwaller@thelenreid.com,
yespinoza@thelenreid.com

9 Jack Slobodin jlslobodin@yahoo.com

10 Mark R. Weinstein mweinstein@whitecase.com, mkenny@whitecase.com

11
12 **Counsel are responsible for distributing copies of this document to co-counsel who have
13 not registered for e-filing under the court's CM/ECF program.**

14
15
16
17
18
19
20
21
22
23
24
25
26
27
28